

Rakhee V. Patel – State Bar No. 00797213
Phillip Lamberson – State Bar No. 00794134
Joe Wielebinski – State Bar No. 21432400
Annmarie Chiarello – State Bar No. 24097496
WINSTEAD PC
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201
Telephone: (214) 745-5400
Facsimile: (214) 745-5390
rpatel@winstead.com
plamberson@winstead.com
jwielebinski@winstead.com
achiarello@winstead.com

Jeff P. Prostok – State Bar No. 16352500
J. Robert Forshey – State Bar No. 07264200
Suzanne K. Rosen – State Bar No. 00798518
Matthias Kleinsasser – State Bar No. 24071357
FORSHEY & PROSTOK LLP
777 Main St., Suite 1290
Ft. Worth, TX 76102
Telephone: (817) 877-8855
Facsimile: (817) 877-4151
jprostok@forsheyprostok.com
bforshey@forsheyprostok.com
srosen@forsheyprostok.com
mkleinsasser@forsheyprostok.com

**COUNSEL FOR THE
CHAPTER 11 TRUSTEE**

**SPECIAL COUNSEL FOR
ROBIN PHELAN, CHAPTER 11 TRUSTEE**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:	§	
	§	CHAPTER 11 CASES
	§	
ACIS CAPITAL MANAGEMENT, L.P.,	§	CASE NO. 18-30264-sgj11
ACIS CAPITAL MANAGEMENT GP, LLC,	§	(Jointly Administered)
	§	
Debtors.	§	

**CHAPTER 11 TRUSTEE’S EMERGENCY MOTION TO
MODIFY REQUIREMENTS FOR QUALIFIED PROPOSALS**

Robin Phelan (“Trustee”), the Chapter 11 Trustee for Acis Capital Management, LP (“Acis LP”)¹, files this *Emergency Motion to Modify Requirements for Qualified Proposals* (the “Motion”) and respectfully represents as follows:

PROCEDURAL HISTORY

1. On June 8, 2018, the Trustee filed his *Emergency Motion to Approve Break-up Fee, Expense Reimbursement, and Replacement Sub-Advisory and Shared Services Provider, Oaktree*

¹ Acis Capital Management GP, LLC (“Acis GP,” and together with Acis LP, the “Debtors” or “Acis”) is also a debtor in these cases.

Capital Management, L.P. (the “Break-Up Fee Motion”)² [Docket No. 263].

2. On June 26, 2018, the Trustee filed a *Supplemental Motion to Break-Up Fee Motion Seeking Court Approval of Procedures to Confirm Plan Funder* (the “Supplement”) [Docket No. 334]. The Supplement outlined certain Proposal Submission Procedures (as defined in the Supplement) to be followed by any other parties wishing to submit Qualified Proposals (as defined in the Supplement). In addition to several other requirements, the Proposal Submission Procedures provide that in order to be considered a Qualified Proposal, a proposal must:

- v. Include an agreement by the party submitting the Qualified Proposal to manage CLO-1 during the pendency of the bankruptcy for no additional fee, with the understanding that the vehicle would liquidate and return NAV to investors prior to emergence; and
- vi. Include an agreement by the party submitting the Qualified Proposal to substitute for Highland regarding rights, responsibilities, and obligations relating to the Transaction CLOs and the Luxembourg Separate Account as sub-advisor under the Sub-Advisory Agreement and staff and services provider under the Shared Services Agreement under terms no less favorable than Oaktree, including the fee structure agreed-to by Oaktree, as outlined in the Break-Up Fee Motion.³

The foregoing requirements involve providing in-house sub-servicing and sub-advisory services to Acis (the “Sub-Servicing Components”).

3. On July 5, 2018, the Trustee filed a *Joint Plan for Acis Capital Management, LP and Acis Capital Management GP, LLC* (the “Plan”) [Docket No. 383].

4. On July 6, 2018, the Court held a full-day hearing on the Break-Up Fee Motion.

5. On July 10, 2018, the Court entered an *Order Granting Emergency Motion to*

² Capitalized terms not otherwise defined herein have the meaning ascribed to those terms in the Break-Up Fee Motion.

³ See Supplement, p. 5.

Approve Break-Up Fee, Expense Reimbursement, and Replacement Sub-Advisory and Shared Services Provider, Oaktree Capital Management, L.P. (the “Order”). Among other things, the Order granted the Break-Up Fee Motion, authorized the Trustee to terminate the Shared Services Agreement and Sub-Advisory Agreement with Highland, and set forth the dates and deadlines for the submission of any other Qualified Proposals. Pursuant to the Order, the deadline for parties to submit other Qualified Proposals is **Thursday, July 19, 2018 at 4:00 p.m. Central Time**

RELIEF REQUESTED AND BASIS THEREFOR

6. By this Motion, the Trustee requests that the Court modify the requirements for a Qualified Proposal to remove the Sub-Servicing Components so that a proposal that did not include the Sub-Servicing Components would still be considered a Qualified Proposal. Any Qualified Proposal that did not include the Sub-Servicing Components would then have to be compared to any other Qualified Proposals, including the proposal submitted by Oaktree Capital Management, L.P. (“Oaktree”), which includes the Sub-Servicing Components.

7. In addition, in the event the Motion cannot be heard prior to the deadline to submit Qualified Proposals, the Trustee requests that any modification of the requirements for Qualified Proposals after the deadline for submission of Qualified Proposals be applied *nunc pro tunc* to any Qualified Proposals (as modified) submitted on or before July 19, 2018 at 4:00 p.m. Central Time.

8. If permitted to modify the requirements for the submission of Qualified Proposals as set forth herein, the Trustee will evaluate each Qualified Proposal submitted to determine which one provides the highest or otherwise best transaction for the Debtors and their estates. Modifying the requirements for the submission of Qualified Proposals as requested herein could potentially increase the number of proposals presented and increase the likelihood that the greatest possible consideration will be received.

NOTICE

9. Notice of this Motion has been provided to: (i) the office of the United States Trustee for the Northern District of Texas; (ii) counsel for Oaktree, (iii) counsel for Highland and HCLOF; (iii) counsel for U.S. Bank, N.A.; (iv) counsel for creditor, Josh Terry; and (v) the parties appearing on the attached Service List. The Trustee submits that no other notice need be provided.

PRAYER

WHEREFORE, the Trustee respectfully requests that the Court grant the Motion, modify the requirements for the submission of a Qualified Proposal to remove the Sub-Servicing Components as requested herein, and grant such further relief as the Court deems just and proper.

Dated: July 17, 2018.

Respectfully submitted,

/s/ Jeff P. Prostok

Jeff P. Prostok

State Bar No. 16352500

J. Robert Forshey

State Bar No. 07264200

Suzanne K. Rosen

State Bar No. 00798518

Matthias Kleinsasser

State Bar No. 24071357

FORSHEY & PROSTOK LLP

777 Main St., Suite 1290

Ft. Worth, TX 76102

Telephone: (817) 877-8855

Facsimile: (817) 877-4151

jprostok@forsheyprostok.com

bforshey@forsheyprostok.com

srosen@forsheyprostok.com

mkleinsasser@forsheyprostok.com

COUNSEL FOR THE CHAPTER 11 TRUSTEE

-and-

Rakhee V. Patel

State Bar No. 00797213

Phillip Lamberson
State Bar No. 00794134
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State Bar No. 24097496
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500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201
(214) 745-5400 (Phone)
(214) 745-5390 (Facsimile)
rpatel@winstead.com
plamberson@winstead.com
jwielebinski@winstead.com
achiarello@winstead.com

**SPECIAL COUNSEL FOR ROBIN PHELAN,
CHAPTER 11 TRUSTEE**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served upon the parties receiving ECF electronic Notice in this case and via email to the parties listed below on July 17, 2018.

Holland N. O'Neil
Jason B. Binford
Shiva D. Beck
Melina N. Bales
**Foley Gardere
Foley & Lardner LLP**
honeil@foley.com
jbinford@foley.com
sbeck@foley.com
mbales@foley.com
Counsel for Highland Capital Management, LP

Michael K. Hurst
Lynn Pinker Cox & Hurst LLP
mhurst@lynnllp.com
Counsel for Highland Capital Management LP

Lisa Lambert, Trial Attorney
Office of U.S. Trustee
lisa.l.lambert@usdoj.gov

Mark D. Kotwick, Esq.
Arlene R. Alves, Esq.
SEWARD & KISSEL LLP
kotwick@sewkis.com
alves@sewkis.com
Counsel for U.S. Bank, N.A. as CLO Trustee

Brian P. Shaw
Rogge Dunn Group, PC
shaw@roggedunngroup.com
Counsel for Josh Terry

Mark M. Maloney
W. Austin Jowers
King & Spalding LLP
mmaloney@kslaw.com
ajowers@kslaw.com
Counsel for Highland CLO Funding Ltd.

Louis R. Strubeck, Jr.
Norton Rose Fulbright US LLP
louis.strubeck@nortonrosefulbright.com
Attorneys for Third-Party Oaktree Capital Management, L.P.

Dennis F. Dunne
Brian Kinney
Robert J. Liubicic
Eric Reimer
Milbank, Tweed, Hadley & McCloy, LLP
ddunne@milbank.com
bkkinney@milbank.com
rliubicic@milbank.com
ereimer@milbank.com
Attorneys for Third-Party Oaktree Capital Management, L.P.

Paul R. Bessette
King & Spalding LLP
pbessette@kslaw.com
Counsel for Highland CLO Funding Ltd.

Thomas M. Melsheimer
Lane M. Webster
Winston & Strawn LLP
tmelsheimer@winston.com
lwebster@winston.com
Counsel for ACIS CLO 14-00001 and 3-6, Ltds.

David Neier
Winston & Strawn LLP
dneier@winston.com
Counsel for ACIS CLO 14-00001 and 3-6, Ltds.

/s/ Jeff P. Prostok